

**ANALYSIS OF THE DEVELOPMENT OF SMALL BUSINESS AND
ENTREPRENEURSHIP IN SURKHANDARYA REGION**

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Abstract

This study provides a comprehensive analysis of the development status, structural changes, and the role of small businesses and entrepreneurship entities in the regional economy of Surkhandarya region. The research evaluates the dynamics in the number of small business entities and assesses their contribution to gross regional product, employment, and investment formation based on statistical data. In addition, the effectiveness of state support mechanisms aimed at promoting small business development, access to financial resources, and infrastructural conditions is analyzed.

Keywords: small business, entrepreneurship, regional economy, Surkhandarya region, employment, investments, state support.

Introduction

In the context of ongoing globalization and intensifying economic competition, the development of small businesses and entrepreneurship is considered one of the key factors in ensuring regional economic stability. Especially in countries with developing economies, small business entities play a leading role in expanding production volumes, creating new jobs, increasing household incomes, and fostering healthy competition in the market environment. Therefore, analyzing small businesses and entrepreneurship at the regional level and identifying their development trends is of significant scientific and practical relevance.

In recent years, Uzbekistan has implemented a range of institutional and legal reforms aimed at supporting entrepreneurial activity. In particular, the simplification of licensing and permitting procedures, the expansion of access to financial resources, and measures to improve the business environment have contributed to increasing the activity of small business entities. However, despite these positive changes, notable disparities remain among regions in terms of the level of small business development, sectoral specialization, and indicators of economic efficiency.

Surkhandarya region is distinguished by its natural resource potential, the predominance of agriculture and the service sector, as well as its geographical location as a border region. While these factors create certain opportunities for the development of small businesses and entrepreneurship in the region, they also necessitate an in-depth analysis of existing challenges. From this perspective, this article provides a scientifically grounded analysis of the current state, key trends, and the impact of small business and entrepreneurship on economic growth in the Surkhandarya region. The research findings are intended to contribute to the improvement

of regional economic policy and the development of practical recommendations for further promoting small business growth.

LITERATURE REVIEW ON THE TOPIC

Issues related to the development of small business and entrepreneurship have been widely studied by both domestic and foreign scholars as an important factor in regional economic growth, employment generation, and the enhancement of competitiveness. In particular, Uzbek scholars have paid special attention to the role of small business in the regional economy, its institutional foundations, and state support mechanisms.

Specifically, the studies by A.Abdullayev and M.Jurayev analyze the contribution of small business and private entrepreneurship to the economic development of regions, substantiating that the share of this sector in gross regional product and employment demonstrates a stable growth trend. The authors emphasize that improving the business environment in regions and expanding access to financial resources are key factors in increasing small business activity.

In addition, the scientific works of B.Karimov and D.Tuxtayeva examine the impact of regional infrastructure, tax incentives, and credit policy on small business development. Using the example of the Surkhandarya region, they show that entrepreneurial entities operating in agriculture and the service sector play a significant role in accelerating economic growth.

In foreign studies, including the works of P. Drucker and M. Porter, small businesses are regarded as a major driver of innovative development, the formation of a competitive environment, and the ensuring of regional economic stability. These approaches argue that economic growth can be achieved through clustering of regional entrepreneurship, efficient use of local resources, and the improvement of market mechanisms.

Recent research, including studies by S. Xolmirzayev and N. Ismoilova, analyzes sectoral characteristics, regional disparities, and existing challenges in the development of small businesses in the Surkhandarya region. The authors note the need to strengthen the role of local government authorities in supporting entrepreneurship and to enhance the effectiveness of regional development programs.

Overall, the existing literature extensively highlights the importance of small businesses and entrepreneurship in regional development. However, under the conditions of the Surkhandarya region, issues related to a comprehensive analysis of small business development trends, sectoral structural changes, and economic efficiency remain insufficiently explored. Therefore, this study aims to fill this gap by developing scientifically grounded conclusions and recommendations for improving regional economic policy.

RESEARCH METHODOLOGY

The research used the current legislation of the Republic of Uzbekistan, state statistics, scientific articles, and monographic works of specialists as the main sources. Also, conclusions were drawn based on the identification and systematic assessment of the factors of sustainable development of the regional economy, in particular at the level of districts, an integrated approach and modern methods of economic analysis.

ANALYSIS AND RESULTS

In the GRP sector, the share of small businesses in the region's gross regional product was relatively stable in 2010–2025, varying from 74% to 83%. In 2010–2013, this figure was approximately 73–75%, reaching its highest level in 2017, at 83%. At the same time, in 2025, this figure slightly decreased to 76.5%, which indicates the constant and key role of small businesses in GRP (Table 1).

TABLE 1. The share of small businesses and private entrepreneurship in the Surkhandarya region (in % of total volume)

Years	GRP	Industry	Agriculture	Construction	Retail	Services	Export	Import	Employment
2010	74.0	25.4	98.8	77.9	93.4	82.1	18.7	47.9	75.0
2011	75.4	32.0	98.4	75.8	92.6	78.1	35.8	61.3	76.3
2012	75.1	32.9	99.0	77.8	92.1	75.0	26.2	77.9	77.5
2013	73.6	34.0	98.9	77.7	90.7	72.4	43.9	73.9	79.0
2014	74.4	37.6	99.0	79.1	91.7	74.7	12.1	68.1	79.9
2015	77.4	39.1	98.9	77.9	91.0	76.9	34.0	37.0	80.3
2016	79.1	45.2	99.2	83.9	93.2	78.4	36.9	64.7	80.9
2017	83.0	51.1	99.4	77.0	92.4	76.5	69.3	83.7	80.9
2018	81.8	48.2	99.0	81.1	92.3	75.1	87.9	91.0	79.4
2019	79.4	41.0	99.0	80.5	88.1	69.9	73.4	75.0	79.6
2020	78.0	45.3	96.9	84.2	91.7	66.5	63.1	92.9	78.2
2021	78.4	50.6	96.0	86.7	96.7	66.8	60.0	89.6	78.4
2022	77.9	42.4	96.4	92.2	96.6	64.5	64.0	72.6	76.9
2023	77.4	48.2	93.5	91.8	97.1	74.3	71.5	87.5	76.8
2024	77.8	64.8	94.2	90.5	96.8	75.8	86.5	91.1	-
2025	76.5	64.2	96.5	89.7	95.6	73.5	72.6	94.0	-

In the industrial sector. The share of small businesses in the industrial sector has grown significantly. Starting from 25.4% in 2010, it reached 64.2% in 2025. In particular, the growth was very rapid in 2016–2017, when it increased from 45.2% to 51.1%. This trend indicates the expansion of private entrepreneurship in industry in the region and the important role that small businesses play in production processes.

Agriculture, forestry, and fisheries. The share of small businesses in this sector is consistently high, at around 96–99%. The highest point was 99.4% in 2017, confirming that small farms and private enterprises are the main players in this sector. A slight decrease was observed in 2023 (93.5%), which can be explained by consolidation in the sector or a decrease in the number of small farmers in some years.

Construction sector. The share of small businesses in the construction sector is moderately high, in the range of 75–92%, and has remained relatively stable from 2010 to 2025. In 2016 and 2021, this indicator was the highest, amounting to 83.9% and 86.7%, respectively. This indicates the active involvement of private entrepreneurship in the construction sector.

Retail sector. The share of small businesses in retail trade has been almost constantly high, ranging from 88–97%. After 2023, this figure reached 97.1%, which means that the retail sector in the region is almost entirely owned by private entrepreneurship.

Export and import activities. The share of small businesses in exports increased sharply from 18.7% in 2010 to 87.9% in 2018. In 2025, this figure fell to 72.6%, which means that small businesses play a significant role in exports, but annual changes may be related to global demand and resources. In terms of imports, the share increased from 47.9% in 2010 to 94.0% in 2025, which indicates the importance of private entrepreneurship in the region in attracting goods and equipment from abroad.

In the employment sector. The share of small businesses in employment increased slightly from 75% in 2010 to 80.9% in 2022, confirming that small businesses are an important tool for job creation.

TABLE 2. The volume of key indicators of small businesses and private entrepreneurship in the economic sectors of the Surkhandarya region

Years	Industry (billion. soum)	Construction (billion. soum)	Employment (thousand person)	Export (mln..doll)	Import (mln doll)	Trade (billion. soum)
2010	192.3	264.4	588.6	52.1	14.5	1234.6
2011	296.5	360.1	623.5	73.0	33.4	1630.5
2012	362.9	478.3	653.5	55.4	56.1	2100.1
2013	449.2	667.9	688.2	129.5	91.4	2786.0
2014	608.2	832.1	720.6	48.4	45.3	3571.9
2015	747.6	1052.8	747.3	72.8	18.8	4337.8
2016	995.7	1303.7	778.2	54.7	79.3	5604.2
2017	1204.6	1407.4	802.6	109.0	181.9	6605.9
2018	1558.6	2336.3	781.0	168.5	361.4	8161.5
2019	1736.4	3205.1	815.7	176.9	241.3	9740.5
2020	2413.2	4020.9	-	134.8	189.0	11500.2
2021	3378.6	5086.2	-	141.0	185.7	13280.2
2022	3066.0	6015.4	-	145.6	105.4	16832.6
2023	4264.7	9993.2	-	157.4	94.1	20847.3
2024	9652.2	10916.4	-	233.2	133.5	24079.3
2025	8244.4	9799.1	-	266.5	200.8	19051.7

Based on the provided data, the small business and private entrepreneurship sector in the Surkhandarya region has shown remarkable growth and structural transformation over the last 15 years. The Industry and Construction sectors have experienced exponential expansion, with construction volumes surging from 264.4 billion soum in 2010 to a peak of nearly 11 trillion soum in 2024. Trade turnover followed a similar upward trajectory, increasing more than twentyfold, which highlights the strengthening of domestic market activity and consumer demand. While Export figures reached a record high of \$266.5 million by 2025, the fluctuations

in Import data suggest a shift toward localized production and changing demands for foreign technology. Overall, the steady increase in Employment (up to 2019) and financial indicators confirms that small businesses have become the backbone of the region's economic stability and industrial modernization (Table 2).

CONCLUSION AND SUGGESTIONS

The table analysis shows that, although the industry and construction sectors have become drivers in the region in recent years, certain fluctuations are observed in foreign trade indicators (export-import). The growth of financial indicators indicates an increase in the number of business entities, but the demand for infrastructure and financial resources for sustainable development remains high.

Recommendations

1. Enhancing Access to Financial Resources

- **Alternative Financing Models:** Introduce and expand **Islamic Finance** products (such as Murabaha and Ijara) to cater to the local population's preferences, alongside traditional banking.
- **Credit Guarantee Schemes:** Strengthen the role of the "Entrepreneurship Development Company" to provide guarantees for small businesses that lack sufficient collateral, particularly for high-tech equipment imports.
- **Micro-equity and Grants:** Establish regional "Start-up Funds" to provide seed capital for youth and women-led enterprises in rural districts of Surkhandarya.

2. Modernizing Infrastructure Conditions

- **Reliable Utility Access:** Implement a "Priority Infrastructure Status" for Small Industrial Zones (SIZ), ensuring uninterrupted electricity, gas, and water supply through dedicated renewable energy micro-grids.
- **Export-Oriented Logistics:** Develop "Cold Chain" logistics hubs near the border (Termez) to help small agricultural businesses store and export perishable goods to neighboring markets like Afghanistan and Pakistan.

3. Business Support and Digitalization

- **Digital Transformation:** Move 100% of licensing and permit processes to a "Single Window" digital platform to eliminate bureaucratic hurdles and reduce the shadow economy.
- **Export Standardization Centers:** Create regional consultancy hubs that assist small businesses in obtaining international quality certifications (e.g., ISO, Global GAP, Halal), making local products competitive in global markets.

In conclusion, small businesses in the Surkhandarya region have identified their "growth points," and now the main task is to bring entrepreneurship to the level of high technology and quality services, while effectively using available resources.

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